Fiscal Estimate - 2001 Session

X	Original		Updated		Correct	ed		Supple	emental
LRB	Number	01-2410/2		Intro	oduction	Number	ΑE	3-264	
Subje									
Sales	tax exemptio	n for textbooks							
Fiscal	Effect								
	No State Fisc Indeterminate Increase I Appropria Decrease Appropria	e Existing tions Existing	Rever	ase Existing		Increase Co absorb withi	n age		
		ew Appropriation		iues		Decrease Co			
	Indeterminate 1. Increase Permiss 2. Decrease Permiss	e Costs sive Mandator se Costs sive Mandator	4. Decrea	ssive Mar ase Revenu	ndatory e ndatory	Types of Loca Government Affected Towns Counties	Units	/illage Others WTCS Districts	Cities Baseball Park & Football Stadi
Fund :	Sources Afford		PRS	SEG 🔲 S	Affe SEGS 20.5	ected Ch. 20 / 566(1)(a)	Appro	opriatio	ns
				_					
Agend	y/Prepared	Ву		Authorized	Signature	•			Date
DOR/ Rebecca Boldt (608) 266-6785 Dennis Collier (608) 266-5773								4/10/01	

Fiscal Estimate Narratives DOR 4/10/01

LRB Number 01-2410/2	Introduction Number	AB-264	Estimate Type	Original
Subject				
Sales tax exemption for textbooks				

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for textbooks that are required for a university, college or technical college course.

According to the American Association of Publishers, 2000 net sales for books for higher education were \$3.23 billion. According to the U.S. Department of Education, National Center for Education Statistics, 15.1 million students are estimated to be enrolled in 2-year and 4-year degree college programs in 2000 and 58.2% of all students enrolled in these programs in 1997 were full-time students. Thus, it is estimated that there were 8.8 million (15.1 million x 58.2%) full-time students enrolled in colleges, universities and vocational schools in 2000. It is estimated that \$368 is spent on college textbooks per enrolled full-time student nationally (\$3.23 billion/8.8 million students).

Based on data from the University of Wisconsin System, the Wisconsin Association of Independent Colleges and Universities and the Wisconsin Technical College System, it is estimated that 221,000 full-time equivalent (FTE) students are enrolled in Wisconsin universities, colleges and technical colleges in a 2-year or 4-year program and 6,400 FTE students are enrolled in non-degree technical college courses. Thus, it is estimated that \$83.7 million (\$368 x 227,400 FTE Wisconsin students) is spent annually on college textbooks in the state. Exempting these sales would result in a \$4.2 million (\$83.7 million x 5%) decrease in sales and use tax revenue.

For FY01, county and stadium sales tax revenues are expected to be 7.064% of state sales tax. Thus, the revenue loss to local governments would be approximately \$295,000 (\$4.2 million x 7.064%).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original Up	odated Corrected	Supplemental						
LRB Number 01-2410/2	Introduction Num	ber AB-264						
Subject Sales tax exemption for textbooks	•							
I. One-time Costs or Revenue Impa annualized fiscal effect):	ects for State and/or Local Governme	nt (do not include in						
II. Annualized Costs:	Annualized Fis	Annualized Fiscal Impact on funds from:						
	Increased Costs	Decreased Costs						
A. State Costs by Category		.						
State Operations - Salaries and Fri	inges \$							
(FTE Position Changes)								
State Operations - Other Costs		· · · · · · · · · · · · · · · · · · ·						
Local Assistance								
Aids to Individuals or Organizations								
TOTAL State Costs by Catego	ry \$	\$						
B. State Costs by Source of Funds								
GPR		·						
FED								
PRO/PRS								
SEG/SEG-S								
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)								
	Increased Rev	Decreased Rev						
GPR Taxes	\$	\$-4,200,000						
GPR Earned								
FED								
PRO/PRS								
SEG/SEG-S								
TOTAL State Revenues	\$	\$-4,200,000						
NET ANNUALIZED FISCAL IMPACT								
	<u>State</u>	Local						
NET CHANGE IN COSTS	\$	\$						
NET CHANGE IN REVENUE	\$-4,200,000	\$-\$295,000						
Agency/Prepared By	Authorized Signature	Date						
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